

SENATE BILL No. 249

DIGEST OF INTRODUCED BILL

Citations Affected: IC 36-7-14.5-12.5; IC 36-7-30.

Synopsis: Redevelopment and military base reuse authorities. Adds expenditures that benefit local public improvements or structures as allowable expenditures by a redevelopment authority and for which a redevelopment authority may reimburse any other governmental body if the improvements or structures serve or benefit the authority's allocation area. Removes the restriction on using the redevelopment authority's allocation fund for operating expenses of the redevelopment authority. Provides that expenses may be incurred by a military base reuse authority, any other department of the unit, or a department of another governmental entity for local public improvements or structures that are in the allocation area or directly serving or benefitting the allocation area, including expenses for the operation and maintenance of these local public improvements or structures if the authority determines it is necessary or desirable to carry out the purposes of the authority. Provides that the allocation fund may not otherwise be used for operating expenses of the reuse authority. Requires the consent of the military base reuse authority before a local government unit may adopt an ordinance to require a reuse authority to make payments in lieu of taxes with respect to the authority's property that is exempt from property taxes. Provides that a military reuse authority that owns or acquires a public utility to provide water service or sewage disposal service has all the powers and duties of a municipal board and municipal legislative body with respect to the operation of a municipal water utility or municipal sewage works.

Effective: Upon passage.

Merritt

January 11, 2010, read first time and referred to Committee on Tax and Fiscal Policy.

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Second Regular Session 116th General Assembly (2010)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2009 Regular and Special Sessions of the General Assembly.

SENATE BILL No. 249

A BILL FOR AN ACT to amend the Indiana Code concerning local government.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 36-7-14.5-12.5, AS AMENDED BY
2 P.L.182-2009(ss), SECTION 405, IS AMENDED TO READ AS
3 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 12.5. (a) This
4 section applies only to an authority in a county having a United States
5 government military base that is scheduled for closing or is completely
6 or partially inactive or closed.

7 (b) In order to accomplish the purposes set forth in section 11 of this
8 chapter, an authority may create an economic development area:

9 (1) by following the procedures set forth in IC 36-7-14-41 for the
10 establishment of an economic development area by a
11 redevelopment commission; and

12 (2) with the same effect as if the economic development area was
13 created by a redevelopment commission.

14 The area established under this section shall be established only in the
15 area where a United States government military base that is scheduled
16 for closing or is completely or partially inactive or closed is or was
17 located.



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(c) In order to accomplish the purposes set forth in section 11 of this chapter, an authority may do the following in a manner that serves an economic development area created under this section:

(1) Acquire by purchase, exchange, gift, grant, condemnation, or lease, or any combination of methods, any personal property or interest in real property needed for the redevelopment of economic development areas located within the corporate boundaries of the unit.

(2) Hold, use, sell (by conveyance by deed, land sale contract, or other instrument), exchange, lease, rent, or otherwise dispose of property acquired for use in the redevelopment of economic development areas on the terms and conditions that the authority considers best for the unit and the unit's inhabitants.

(3) Sell, lease, or grant interests in all or part of the real property acquired for redevelopment purposes to any other department of the unit or to any other governmental agency for public ways, levees, sewerage, parks, playgrounds, schools, and other public purposes on any terms that may be agreed on.

(4) Clear real property acquired for redevelopment purposes.

(5) Repair and maintain structures acquired for redevelopment purposes.

(6) Remodel, rebuild, enlarge, or make major structural improvements on structures acquired for redevelopment purposes.

(7) Survey or examine any land to determine whether the land should be included within an economic development area to be acquired for redevelopment purposes and to determine the value of that land.

(8) Appear before any other department or agency of the unit, or before any other governmental agency in respect to any matter affecting:

(A) real property acquired or being acquired for redevelopment purposes; or

(B) any economic development area within the jurisdiction of the authority.

(9) Institute or defend in the name of the unit any civil action, but all actions against the authority must be brought in the circuit or superior court of the county where the authority is located.

(10) Use any legal or equitable remedy that is necessary or considered proper to protect and enforce the rights of and perform the duties of the authority.

(11) Exercise the power of eminent domain in the name of and within the corporate boundaries of the unit subject to the same

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conditions and procedures that apply to the exercise of the power of eminent domain by a redevelopment commission under IC 36-7-14.

(12) Appoint an executive director, appraisers, real estate experts, engineers, architects, surveyors, and attorneys.

(13) Appoint clerks, guards, laborers, and other employees the authority considers advisable, except that those appointments must be made in accordance with the merit system of the unit if such a system exists.

(14) Prescribe the duties and regulate the compensation of employees of the authority.

(15) Provide a pension and retirement system for employees of the authority by using the public employees' retirement fund or a retirement plan approved by the United States Department of Housing and Urban Development.

(16) Discharge and appoint successors to employees of the authority subject to subdivision (13).

(17) Rent offices for use of the department or authority, or accept the use of offices furnished by the unit.

(18) Equip the offices of the authority with the necessary furniture, furnishings, equipment, records, and supplies.

(19) Design, order, contract for, and construct, reconstruct, improve, or renovate the following:

(A) Any local public improvement or structure that is necessary for redevelopment purposes or economic development within the corporate boundaries of the unit.

(B) Any structure that enhances development or economic development.

(20) Contract for the construction, extension, or improvement of pedestrian skyways (as defined in IC 36-7-14-12.2(c)).

(21) Accept loans, grants, and other forms of financial assistance from, or contract with, the federal government, the state government, a municipal corporation, a special taxing district, a foundation, or any other source.

(22) Make and enter into all contracts and agreements necessary or incidental to the performance of the duties of the authority and the execution of the powers of the authority under this chapter.

(23) Take any action necessary to implement the purpose of the authority.

(24) Provide financial assistance, in the manner that best serves the purposes set forth in section 11 of this chapter, including grants and loans, to enable private enterprise to develop,

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1 redevelop, and reuse military base property or otherwise enable
2 private enterprise to provide social and economic benefits to the
3 citizens of the unit.

4 (d) An authority may designate all or a portion of an economic
5 development area created under this section as an allocation area by
6 following the procedures set forth in IC 36-7-14-39 for the
7 establishment of an allocation area by a redevelopment commission.
8 The allocation provision may modify the definition of "property taxes"
9 under IC 36-7-14-39(a) to include taxes imposed under IC 6-1.1 on the
10 depreciable personal property located and taxable on the site of
11 operations of designated taxpayers in accordance with the procedures
12 applicable to a commission under IC 36-7-14-39.3. IC 36-7-14-39.3
13 applies to such a modification. An allocation area established by an
14 authority under this section is a special taxing district authorized by the
15 general assembly to enable the unit to provide special benefits to
16 taxpayers in the allocation area by promoting economic development
17 that is of public use and benefit. For allocation areas established for an
18 economic development area created under this section after June 30,
19 1997, and to the expanded portion of an allocation area for an
20 economic development area that was established before June 30, 1997,
21 and that is expanded under this section after June 30, 1997, the net
22 assessed value of property that is assessed as residential property under
23 the rules of the department of local government finance, as finally
24 determined for any assessment date, must be allocated. All of the
25 provisions of IC 36-7-14-39 apply to an allocation area created under
26 this section, except that the authority shall be vested with the rights and
27 duties of a commission as referenced in those sections, and except that,
28 notwithstanding IC 36-7-14-39(b)(2), property tax proceeds paid into
29 the allocation fund may be used by the authority only to do one (1) or
30 more of the following:

31 (1) Pay the principal of and interest and redemption premium on
32 any obligations incurred by the special taxing district or any other
33 entity for the purpose of financing or refinancing military base
34 reuse activities in or serving or benefiting that allocation area.

35 (2) Establish, augment, or restore the debt service reserve for
36 obligations payable solely or in part from allocated tax proceeds
37 in that allocation area or from other revenues of the authority
38 (including lease rental revenues).

39 (3) Make payments on leases payable solely or in part from
40 allocated tax proceeds in that allocation area.

41 (4) Reimburse any other governmental body for expenditures
42 made by it **that benefits or provides** for local public

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improvements or structures in or serving or benefiting that allocation area.

(5) For property taxes first due and payable before 2009, pay all or a portion of a property tax replacement credit to taxpayers in an allocation area as determined by the authority. This credit equals the amount determined under the following STEPS for each taxpayer in a taxing district (as defined in IC 6-1.1-1-20) that contains all or part of the allocation area:

STEP ONE: Determine that part of the sum of the amounts under IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2), IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), and IC 6-1.1-21-2(g)(5) that is attributable to the taxing district.

STEP TWO: Divide:

(A) that part of each county's eligible property tax replacement amount (as defined in IC 6-1.1-21-2) for that year as determined under IC 6-1.1-21-4 that is attributable to the taxing district; by

(B) the STEP ONE sum.

STEP THREE: Multiply:

(A) the STEP TWO quotient; by

(B) the total amount of the taxpayer's taxes (as defined in IC 6-1.1-21-2) levied in the taxing district that have been allocated during that year to an allocation fund under this section.

If not all the taxpayers in an allocation area receive the credit in full, each taxpayer in the allocation area is entitled to receive the same proportion of the credit. A taxpayer may not receive a credit under this section and a credit under IC 36-7-14-39.5 (before its repeal) in the same year.

(6) (5) Pay expenses incurred by the authority **that benefit or provide** for local public improvements or structures that are in the allocation area or serving or benefiting the allocation area.

(7) (6) Reimburse public and private entities for expenses incurred in training employees of industrial facilities that are located:

(A) in the allocation area; and

(B) on a parcel of real property that has been classified as industrial property under the rules of the department of local government finance.

However, the total amount of money spent for this purpose in any year may not exceed the total amount of money in the allocation fund that is attributable to property taxes paid by the industrial

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facilities described in clause (B). The reimbursements under this subdivision must be made within three (3) years after the date on which the investments that are the basis for the increment financing are made. ~~The allocation fund may not be used for operating expenses of the authority.~~

(e) In addition to other methods of raising money for property acquisition, redevelopment, or economic development activities in or directly serving or benefitting an economic development area created by an authority under this section, and in anticipation of the taxes allocated under subsection (d), other revenues of the authority, or any combination of these sources, the authority may, by resolution, issue the bonds of the special taxing district in the name of the unit. Bonds issued under this section may be issued in any amount without limitation. The following apply if such a resolution is adopted:

(1) The authority shall certify a copy of the resolution authorizing the bonds to the municipal or county fiscal officer, who shall then prepare the bonds. The seal of the unit must be impressed on the bonds, or a facsimile of the seal must be printed on the bonds.

(2) The bonds must be executed by the appropriate officer of the unit and attested by the unit's fiscal officer.

(3) The bonds are exempt from taxation for all purposes.

(4) Bonds issued under this section may be sold at public sale in accordance with IC 5-1-11 or at a negotiated sale.

(5) The bonds are not a corporate obligation of the unit but are an indebtedness of the taxing district. The bonds and interest are payable, as set forth in the bond resolution of the authority:

(A) from the tax proceeds allocated under subsection (d);

(B) from other revenues available to the authority; or

(C) from a combination of the methods stated in clauses (A) and (B).

(6) Proceeds from the sale of bonds may be used to pay the cost of interest on the bonds for a period not to exceed five (5) years from the date of issuance.

(7) Laws relating to the filing of petitions requesting the issuance of bonds and the right of taxpayers and voters to remonstrate against the issuance of bonds do not apply to bonds issued under this section.

(8) If a debt service reserve is created from the proceeds of bonds, the debt service reserve may be used to pay principal and interest on the bonds as provided in the bond resolution.

(9) If bonds are issued under this chapter that are payable solely or in part from revenues to the authority from a project or

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projects, the authority may adopt a resolution or trust indenture or enter into covenants as is customary in the issuance of revenue bonds. The resolution or trust indenture may pledge or assign the revenues from the project or projects. The resolution or trust indenture may also contain any provisions for protecting and enforcing the rights and remedies of the bond owners as may be reasonable and proper and not in violation of law, including covenants setting forth the duties of the authority. The authority may establish fees and charges for the use of any project and covenant with the owners of any bonds to set those fees and charges at a rate sufficient to protect the interest of the owners of the bonds. Any revenue bonds issued by the authority that are payable solely from revenues of the authority shall contain a statement to that effect in the form of bond.

(f) Notwithstanding section 8(a) of this chapter, an ordinance adopted under section 11 of this chapter may provide, or be amended to provide, that the board of directors of the authority shall be composed of not fewer than three (3) nor more than eleven (11) members, who must be residents of or be employed at a place of employment located within the unit. The members shall be appointed by the executive of the unit.

(g) The acquisition of real and personal property by an authority under this section is not subject to the provisions of IC 5-22, IC 36-1-10.5, IC 36-7-14-19, or any other statutes governing the purchase of property by public bodies or their agencies.

(h) An authority may negotiate for the sale, lease, or other disposition of real and personal property without complying with the provisions of IC 5-22-22, IC 36-1-11, IC 36-7-14-22, or any other statute governing the disposition of public property.

(i) Notwithstanding any other law, utility services provided within an economic development area established under this section are subject to regulation by the appropriate regulatory agencies unless the utility service is provided by a utility that provides utility service solely within the geographic boundaries of an existing or a closed military installation, in which case the utility service is not subject to regulation for purposes of rate making, regulation, service delivery, or issuance of bonds or other forms of indebtedness. However, this exemption from regulation does not apply to utility service if the service is generated, treated, or produced outside the boundaries of the existing or closed military installation.

SECTION 2. IC 36-7-30-25, AS AMENDED BY P.L.146-2008, SECTION 770, IS AMENDED TO READ AS FOLLOWS

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[EFFECTIVE UPON PASSAGE]: Sec. 25. (a) The following definitions apply throughout this section:

(1) "Allocation area" means that part of a military base reuse area to which an allocation provision of a declaratory resolution adopted under section 10 of this chapter refers for purposes of distribution and allocation of property taxes.

(2) "Base assessed value" means:

(A) the net assessed value of all the property as finally determined for the assessment date immediately preceding the adoption date of the allocation provision of the declaratory resolution, as adjusted under subsection (h); plus

(B) to the extent that it is not included in clause (A) or (C), the net assessed value of any and all parcels or classes of parcels identified as part of the base assessed value in the declaratory resolution or an amendment thereto, as finally determined for any subsequent assessment date; plus

(C) to the extent that it is not included in clause (A) or (B), the net assessed value of property that is assessed as residential property under the rules of the department of local government finance, as finally determined for any assessment date after the effective date of the allocation provision.

Clause (C) applies only to allocation areas established in a military reuse area after June 30, 1997, and to the part of an allocation area that was established before June 30, 1997, and that is added to an existing allocation area after June 30, 1997.

(3) "Property taxes" means taxes imposed under IC 6-1.1 on real property.

(b) A declaratory resolution adopted under section 10 of this chapter before the date set forth in IC 36-7-14-39(b) pertaining to declaratory resolutions adopted under IC 36-7-14-15 may include a provision with respect to the allocation and distribution of property taxes for the purposes and in the manner provided in this section. A declaratory resolution previously adopted may include an allocation provision by the amendment of that declaratory resolution in accordance with the procedures set forth in section 13 of this chapter. The allocation provision may apply to all or part of the military base reuse area. The allocation provision must require that any property taxes subsequently levied by or for the benefit of any public body entitled to a distribution of property taxes on taxable property in the allocation area be allocated and distributed as follows:

(1) Except as otherwise provided in this section, the proceeds of the taxes attributable to the lesser of:

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(A) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made; or

(B) the base assessed value;

shall be allocated to and, when collected, paid into the funds of the respective taxing units.

(2) Except as otherwise provided in this section, property tax proceeds in excess of those described in subdivision (1) shall be allocated to the military base reuse district and, when collected, paid into an allocation fund for that allocation area that may be used by the military base reuse district and only to do one (1) or more of the following:

(A) Pay the principal of and interest and redemption premium on any obligations incurred by the military base reuse district or any other entity for the purpose of financing or refinancing military base reuse activities in or directly serving or benefiting that allocation area.

(B) Establish, augment, or restore the debt service reserve for bonds payable solely or in part from allocated tax proceeds in that allocation area or from other revenues of the reuse authority, including lease rental revenues.

(C) Make payments on leases payable solely or in part from allocated tax proceeds in that allocation area.

(D) Reimburse any other governmental body for expenditures made for local public improvements (or structures) in or directly serving or benefiting that allocation area.

~~(E) For property taxes first due and payable before 2009, pay all or a part of a property tax replacement credit to taxpayers in an allocation area as determined by the reuse authority. This credit equals the amount determined under the following STEPS for each taxpayer in a taxing district (as defined in IC 6-1.1-1-20) that contains all or part of the allocation area: STEP ONE: Determine that part of the sum of the amounts under IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2), IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), and IC 6-1.1-21-2(g)(5) that is attributable to the taxing district. STEP TWO: Divide:~~

~~(i) that part of each county's eligible property tax replacement amount (as defined in IC 6-1.1-21-2) for that year as determined under IC 6-1.1-21-4 that is attributable to the taxing district; by~~

~~(ii) the STEP ONE sum.~~

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1 STEP THREE: Multiply:

2 (i) the STEP TWO quotient; times

3 (ii) the total amount of the taxpayer's taxes (as defined in
4 IC 6-1.1-21-2) levied in the taxing district that have been
5 allocated during that year to an allocation fund under this
6 section.

7 If not all the taxpayers in an allocation area receive the credit
8 in full, each taxpayer in the allocation area is entitled to
9 receive the same proportion of the credit. A taxpayer may not
10 receive a credit under this section and a credit under section
11 27 of this chapter (before its repeal) in the same year.

12 ~~(F)~~ (E) Pay expenses incurred by the reuse authority, **any**
13 **other department of the unit, or a department of another**
14 **governmental entity** for local public improvements or
15 structures that ~~were~~ **are** in the allocation area or directly
16 serving or benefiting the allocation area, **including expenses:**

17 (i) **for the operation and maintenance of these local**
18 **public improvements or structures; and**

19 (ii) **the reuse authority determines are necessary or**
20 **desirable to incur to carry out the purposes of this**
21 **chapter.**

22 ~~(G)~~ (F) Reimburse public and private entities for expenses
23 incurred in training employees of industrial facilities that are
24 located:

25 (i) in the allocation area; and

26 (ii) on a parcel of real property that has been classified as
27 industrial property under the rules of the department of local
28 government finance.

29 However, the total amount of money spent for this purpose in
30 any year may not exceed the total amount of money in the
31 allocation fund that is attributable to property taxes paid by the
32 industrial facilities described in this clause. The
33 reimbursements under this clause must be made not more than
34 three (3) years after the date on which the investments that are
35 the basis for the increment financing are made.

36 **Except as provided in clause (E),** the allocation fund may not be
37 used for operating expenses of the reuse authority.

38 (3) Except as provided in subsection (g), before July 15 of each
39 year the reuse authority shall do the following:

40 (A) Determine the amount, if any, by which property taxes
41 payable to the allocation fund in the following year will exceed
42 the amount of property taxes necessary to make, when due,

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principal and interest payments on bonds described in subdivision (2) plus the amount necessary for other purposes described in subdivision (2).

(B) Provide a written notice to the county auditor, the fiscal body of the unit that established the reuse authority, and the officers who are authorized to fix budgets, tax rates, and tax levies under IC 6-1.1-17-5 for each of the other taxing units that is wholly or partly located within the allocation area. The notice must:

- (i) state the amount, if any, of excess property taxes that the reuse authority has determined may be paid to the respective taxing units in the manner prescribed in subdivision (1); or
- (ii) state that the reuse authority has determined that there are no excess property tax proceeds that may be allocated to the respective taxing units in the manner prescribed in subdivision (1).

The county auditor shall allocate to the respective taxing units the amount, if any, of excess property tax proceeds determined by the reuse authority. The reuse authority may not authorize a payment to the respective taxing units under this subdivision if to do so would endanger the interest of the holders of bonds described in subdivision (2) or lessors under section 19 of this chapter. ~~Property taxes received by a taxing unit under this subdivision before 2009 are eligible for the property tax replacement credit provided under IC 6-1.1-21.~~

(c) For the purpose of allocating taxes levied by or for any taxing unit or units, the assessed value of taxable property in a territory in the allocation area that is annexed by a taxing unit after the effective date of the allocation provision of the declaratory resolution is the lesser of:

- (1) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made; or
- (2) the base assessed value.

(d) Property tax proceeds allocable to the military base reuse district under subsection (b)(2) may, subject to subsection (b)(3), be irrevocably pledged by the military base reuse district for payment as set forth in subsection (b)(2).

(e) Notwithstanding any other law, each assessor shall, upon petition of the reuse authority, reassess the taxable property situated upon or in or added to the allocation area, effective on the next assessment date after the petition.

(f) Notwithstanding any other law, the assessed value of all taxable property in the allocation area, for purposes of tax limitation, property

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1 tax replacement, and the making of the budget, tax rate, and tax levy
 2 for each political subdivision in which the property is located is the
 3 lesser of:

- 4 (1) the assessed value of the property as valued without regard to
- 5 this section; or
- 6 (2) the base assessed value.

7 (g) If any part of the allocation area is located in an enterprise zone
 8 created under IC 5-28-15, the unit that designated the allocation area
 9 shall create funds as specified in this subsection. A unit that has
 10 obligations, bonds, or leases payable from allocated tax proceeds under
 11 subsection (b)(2) shall establish an allocation fund for the purposes
 12 specified in subsection (b)(2) and a special zone fund. Such a unit
 13 shall, until the end of the enterprise zone phase out period, deposit each
 14 year in the special zone fund any amount in the allocation fund derived
 15 from property tax proceeds in excess of those described in subsection
 16 (b)(1) from property located in the enterprise zone that exceeds the
 17 amount sufficient for the purposes specified in subsection (b)(2) for the
 18 year. The amount sufficient for purposes specified in subsection (b)(2)
 19 for the year shall be determined based on the pro rata part of such
 20 current property tax proceeds from the part of the enterprise zone that
 21 is within the allocation area as compared to all such current property
 22 tax proceeds derived from the allocation area. A unit that does not have
 23 obligations, bonds, or leases payable from allocated tax proceeds under
 24 subsection (b)(2) shall establish a special zone fund and deposit all the
 25 property tax proceeds in excess of those described in subsection (b)(1)
 26 that are derived from property in the enterprise zone in the fund. The
 27 unit that creates the special zone fund shall use the fund (based on the
 28 recommendations of the urban enterprise association) for programs in
 29 job training, job enrichment, and basic skill development that are
 30 designed to benefit residents and employers in the enterprise zone or
 31 other purposes specified in subsection (b)(2), except that where
 32 reference is made in subsection (b)(2) to allocation area it shall refer
 33 for purposes of payments from the special zone fund only to that part
 34 of the allocation area that is also located in the enterprise zone. The
 35 programs shall reserve at least one-half (1/2) of their enrollment in any
 36 session for residents of the enterprise zone.

37 (h) After each general reassessment under IC 6-1.1-4, the
 38 department of local government finance shall adjust the base assessed
 39 value one (1) time to neutralize any effect of the general reassessment
 40 on the property tax proceeds allocated to the military base reuse district
 41 under this section. After each annual adjustment under IC 6-1.1-4-4.5,
 42 the department of local government finance shall adjust the base

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1 assessed value to neutralize any effect of the annual adjustment on the
 2 property tax proceeds allocated to the military base reuse district under
 3 this section. However, the adjustments under this subsection may not
 4 include the effect of property tax abatements under IC 6-1.1-12.1, and
 5 these adjustments may not produce less property tax proceeds allocable
 6 to the military base reuse district under subsection (b)(2) than would
 7 otherwise have been received if the general reassessment or annual
 8 adjustment had not occurred. The department of local government
 9 finance may prescribe procedures for county and township officials to
 10 follow to assist the department in making the adjustments.

11 SECTION 3. IC 36-7-30-31, AS AMENDED BY P.L.146-2008,
 12 SECTION 771, IS AMENDED TO READ AS FOLLOWS
 13 [EFFECTIVE UPON PASSAGE]: Sec. 31. (a) As used in this section,
 14 the following terms have the meanings set forth in IC 6-1.1-1:

- 15 (1) Assessed value.
- 16 (2) Owner.
- 17 (3) Person.
- 18 (4) Personal property.
- 19 (5) Property taxation.
- 20 (6) Tangible property.
- 21 (7) Township assessor.

22 (b) As used in this section, "PILOTS" means payments in lieu of
 23 taxes.

24 (c) The general assembly finds the following:

- 25 (1) That the closing of a military base in a unit results in an
 26 increased cost to the unit of providing governmental services to
 27 the area formerly occupied by the military base.
- 28 (2) That military base property held by a reuse authority is exempt
 29 from property taxation, resulting in the lack of an adequate tax
 30 base to support the increased governmental services.
- 31 (3) That to restore this tax base and provide a proper allocation of
 32 the cost of providing governmental services the fiscal body of the
 33 unit should be authorized to collect PILOTS from the reuse
 34 authority.
- 35 (4) That the appropriate maximum PILOTS would be the amount
 36 of the property taxes that would be paid if the tangible property
 37 were not exempt.

38 (d) The fiscal body of the unit may, **with the consent of the reuse**
 39 **authority**, adopt an ordinance to require a reuse authority to pay
 40 PILOTS at times set forth in the ordinance with respect to tangible
 41 property of which the reuse authority is the owner or the lessee and that
 42 is exempt from property taxes. The ordinance remains in full force and

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effect until repealed or modified by the fiscal body.

(e) The PILOTS must be calculated so that the PILOTS do not exceed the amount of property taxes that would have been levied by the fiscal body for the unit upon the tangible property described in subsection (d) if the property were not exempt from property taxation.

(f) PILOTS shall be imposed as are property taxes and shall be based on the assessed value of the tangible property described in subsection (d). Except as provided in subsection (j), the township assessor, or the county assessor if there is no township assessor for the township, shall assess the tangible property described in subsection (d) as though the property were not exempt. The reuse authority shall report the value of personal property in a manner consistent with IC 6-1.1-3.

(g) Notwithstanding any other law, a reuse authority is authorized to pay PILOTS imposed under this section from any legally available source of revenues. The reuse authority may consider these payments to be operating expenses for all purposes.

(h) PILOTS shall be deposited in the general fund of the unit and used for any purpose for which the general fund may be used.

(i) PILOTS shall be due as set forth in the ordinance and bear interest, if unpaid, as in the case of other taxes on property. PILOTS shall be treated in the same manner as property taxes for purposes of all procedural and substantive provisions of law.

(j) If the duties of the township assessor have been transferred to the county assessor as described in IC 6-1.1-1-24, a reference to the township assessor in this section is considered to be a reference to the county assessor.

SECTION 4. IC 36-7-30-34 IS ADDED TO THE INDIANA CODE AS A **NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:** **Sec. 34. (a) This section applies to a reuse authority that owns or acquires a public utility (as defined in IC 8-1-2-1) established to provide water service.**

(b) The reuse authority shall operate the public utility as a municipal water utility in accordance with IC 8-1.5, and has all the powers and duties of:

(1) the board (as defined in IC 8-1.5-3-2); and

(2) the municipal legislative body;

under IC 8-1.5 with respect to the operation of its municipal water utility.

SECTION 5. IC 36-7-30-35 IS ADDED TO THE INDIANA CODE AS A **NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:** **Sec. 35. (a) This section applies to a reuse**

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1 authority that owns or acquires a public utility (as defined in
 2 IC 8-1-2-1) established to provide sewage disposal service.
 3 (b) The reuse authority shall operate the public utility as a
 4 municipal sewage works in accordance with IC 36-9-23, and has all
 5 the powers and duties of:
 6 (1) the board (as defined in IC 36-9-23-5): and
 7 (2) the municipal legislative body;
 8 under IC 36-9-23 with respect to the operation of its municipal
 9 sewage works.
 10 SECTION 6. An emergency is declared for this act.

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